

SAZ TRANSPORTATION CORPORATION

110 West Tenth Street
Wilmington, Delaware 19801

12737
RECORDATION NO. _____ Filed 1425

INTERSTATE COMMERCE COMMISSION

1-0311153

January 15, 1981

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No. _____
Date.. JAN. 21 1981
Fee \$ 50.00

ICC Washington, D. C.

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I.C.C.
FEE OPERATION BR.

Dear Sir:

This letter of transmittal, submitted pursuant to Part 1116 of Title 49 of the Code of Federal Regulations, forwards the original and two executed counterparts of a Lease of Railroad Equipment dated as of March 31, 1979 between SAZ Transportation Corporation, as Lessor, and Phillips Petroleum Company, as Lessee.

The enclosed Lease of Railroad Equipment provides for the lease of the fifty-five (55) railroad tank cars described in Exhibit A, annexed hereto.

The names and addresses of the parties are as follows:

Owner of Tank Cars
(the "Lessor"):

SAZ Transportation Corporation
110 West Tenth Street
Wilmington, Delaware 19801

Lessee of Tank Cars:

Phillips Petroleum Company
Bartlesville, Oklahoma 74004

Also enclosed is a check for \$50.00 to cover the cost of recording the above document. Please return two executed counterparts of the enclosed document, after recordation, to Breed, Abbott & Morgan, 1875 Eye Street, N.W., Washington, D.C. 20006.

I hereby certify that I have knowledge of the matters herein set forth.

Very truly yours,

SAZ TRANSPORTATION CORPORATION

By Man M. Lupton
Vice President

Counterpart - Can L. F. McWhorter

- (1) 50 ICC-112A400W dual purpose railroad steel tank cars having a nominal capacity of 14,600 gallons each, bearing the identifying symbol PSPX and the car numbers listed below:
-

| | | | | |
|-------|-------|-------|-------|-------|
| 21567 | 21633 | 21688 | 21762 | 21819 |
| 21574 | 21640 | 21689 | 21764 | 21827 |
| 21579 | 21648 | 21696 | 21779 | 21831 |
| 21582 | 21651 | 21697 | 21780 | 21836 |
| 21605 | 21654 | 21704 | 21781 | 21844 |
| 21614 | 21658 | 21709 | 21783 | 21848 |
| 21621 | 21668 | 21715 | 21799 | 21849 |
| 21622 | 21669 | 21717 | 21800 | 21869 |
| 21625 | 21679 | 21740 | 21811 | 21879 |
| 21628 | 21681 | 21744 | 21816 | 21890 |

- (2) 5 ICC-109A300-ALW (aluminum) railroad tank cars having a nominal capacity of 10,200 gallons each, bearing the indentifying symbol PSPX and the car numbers listed below:
-

| | | | | |
|-------|-------|-------|-------|-------|
| 20026 | 20027 | 20029 | 20032 | 20040 |
|-------|-------|-------|-------|-------|

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Breed, Abbott & Morgan
1875 Eye Street, N. W.
Washington, D. C. 20006

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/21/81 at 2:55PM, and assigned re-recording number(s). 12687

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO.

12707425

Executed in 5 Counterparts
Counterpart No. 1

JAN 21 1981 - 2 55 PM
INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

April 1, 1979 - March 31, 1988

SAZ TRANSPORTATION CORPORATION

Lessor,

TO

PHILLIPS PETROLEUM COMPANY,

Lessee.

55 TANK CARS

Dated as of March 31, 1979

LEASE OF RAILROAD EQUIPMENT, dated as of March 31, 1979 between SAZ TRANSPORTATION CORPORATION, a Delaware corporation (hereinafter called the "Lessor"), and PHILLIPS PETROLEUM COMPANY, a Delaware corporation (hereinafter called the "Lessee"),

W I T N E S S E T H :

WHEREAS, the Lessee has, pursuant to a certain Lease of Railroad Equipment dated as of July 12, 1957 (the "1957 Lease") as supplemented, between Transportation Properties, Inc., a Delaware corporation, as lessor, and the Lessee, as lessee, covering certain railroad tank cars, exercised its first annual option to continue the 1957 Lease for an extended one-year term, commencing April 1, 1978; and

WHEREAS, the Lessor is the owner of such railroad tank cars and by succession is the lessor under the 1957 Lease; and

WHEREAS, the parties hereto have mutually agreed not to extend the 1957 Lease in its entirety for any future term but rather to let the 1957 Lease expire as of the close of business on March 31, 1979; and

WHEREAS, the Lessor desires to lease to the Lessee and the Lessee desires to lease from the Lessor at the rentals and for the term and upon the conditions hereinafter provided the following fifty-five (55) of the railroad tank

cars covered by the 1957 Lease, more fully described in Exhibit A, annexed hereto and forming a part hereof (said 55 Cars being hereinafter collectively called the "Cars" and any one thereof being hereinafter called a "Car"):

50 ICC-112A400W dual purpose tank cars having a nominal capacity of 14,600 gallons each (said 50 cars being hereinafter sometimes called "Steel Cars, Class B"), and

5 ICC-109A300-ALW tank cars having a nominal capacity of 10,200 gallons each (said 5 cars being hereinafter sometimes called "Aluminum Cars"),

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Cars to the Lessee upon the following terms and conditions:

Section 1. Delivery and Acceptance of Cars.

The Lessee acknowledges delivery and possession of the Cars subject to all of the terms and conditions of this Lease.

The Lessor warrants that it is the true and lawful owner of each Car so delivered to the Lessee and that each Car is free and clear of all liens and encumbrances at the time of such delivery, except for such liens and encumbrances as may have been suffered to exist by the Lessee as lessee under the 1957 Lease.

Section 2. Term of Lease. The lease term for each Car subject to this Lease shall commence on April 1, 1979 and, subject to the provisions of Section 10 hereof, shall terminate on March 31, 1988 (such term being hereinafter sometimes called the "original term").

Unless (a) this Lease shall have been theretofore terminated pursuant to Section 10 hereof or (b) the Lessee shall elect to purchase all of the Cars then subject to this Lease pursuant to Section 14 hereof, the Lessee shall have the option to continue this Lease for not more than one successive additional term of ten (10) years commencing on April 1, 1988 (the "Extended Term"). Such option shall be exercised by giving written notice thereof as to all Cars then subject to this Lease to the Lessor not more than 180 days and not less than 90 days prior to March 31, 1988. Unless such notice be given within such specified period, the Lessee's option to extend this Lease shall expire.

Section 3. Rentals.

A. The Lessee agrees to pay to the Lessor as "fixed rental" for the Cars the following amounts in cash:

(1) For each Car subject to this Lease during the period of this Lease ending on September 30, 1983, monthly fixed rental during such period as follows:

| | |
|-------------------------------|----------|
| Steel Cars, Class B | \$100.00 |
| Aluminum Cars | \$179.00 |

(2) For each Car subject to this Lease during the period of this Lease, from October 1, 1983 to and including March 31, 1988, a monthly fixed rental during such period equal to the fixed rental pursuant to the foregoing subparagraph A(1), plus fifty percent (50%) of the percentage increase in prevailing railway labor rates during the period April 1, 1979 and including September 30, 1983, as

determined by the Labor Rate Index published by the Association of American Railroads or, if such Index may no longer be published, by the most similar index then in publication.

(3) For each Car subject to this Lease during the Extended Term, i.e., during the period from April 1, 1988 to and including March 31, 1998, a monthly fixed rental equal to the fair rental value of each Car for a ten (10) year fixed term, based upon the optimum economic use to which each Car, as constructed and equipped as of the date of the giving of such notice, could be put.

There shall be included in the notice of election to extend this Lease a statement of the Lessee's determination of the amount of the fair rental value on a net lease basis for each of the Cars for a ten-year term, commencing on April 1, 1988. Within 15 days after the receipt of any such notice the Lessor shall advise the Lessee in writing as to whether or not the Lessor agrees with the Lessee's determination of the fair rental value and, if not in agreement, setting forth the Lessor's opinion as to such fair rental value. If the Lessor and the Lessee are unable to resolve their disagreement as to the fair rental value of the Cars within 15 days after Lessor's advice as to its estimate of fair rental value, then the fair rental value for each Car shall be determined by arbitration in accordance with this paragraph. In such case, each party hereto shall appoint an arbitrator and shall give the other party written notice of such appointment within 30 days after the Lessor has advised the Lessee of such disagreement, and the two arbitrators so appointed shall

appoint a third arbitrator, and the decision of any two thereof shall be binding upon the parties hereto. If either party hereto shall fail to appoint its arbitrator within the time herein provided and it shall thereafter fail to do so for 10 days after written demand from the other that it do so, then the arbitrator appointed by the other party shall be the sole arbitrator and his decision shall be binding upon the parties hereto. If the two arbitrators appointed by the parties hereto shall fail to appoint a third arbitrator within 10 days after the appointment of the second arbitrator, then the appointment of the third arbitrator shall be made by the American Arbitration Association, or its successor, in New York, New York upon the application of either party hereto, and such party shall give the other party hereto 10 days' written notice of the time and place of the hearing of such application for appointment. The arbitrators' decision shall be rendered within 30 days of the appointment of the third arbitrator. If such award is not made and does not become binding prior to the commencement date for the Extended Term, the Lessee shall continue to pay the monthly fixed rental provided in subparagraph 2 of this Section 3(A) and within 10 days of the award, the difference between such rental payments and the amount determined pursuant to such award shall be paid by the Lessee to the Lessor or refunded

by the Lessor to the Lessee, as the case may be. Each party agrees to pay its own expenses incurred by it in connection with the Lessee's exercise of its option to extend; provided, however, that in the event of arbitration as provided above, each party shall pay one-half (1/2) of the costs of the arbitrator, or arbitrators, and of the charges of the American Arbitration Association or its successor.

For the purposes of making payments of fixed rental hereunder, each calendar month commencing with the first day of April 1979 is hereinafter called a month. All fixed rentals accruing during each month pursuant to this Subsection A shall be paid to the Lessor on the first day of the next succeeding month.

B. The Lessee agrees to pay as "additional rental" for all of the Cars at any time subject to this Lease, the following amounts:

(1) all amounts required to be paid by the Lessee under Section 4 and Section 5 hereof in preserving or replacing on the Cars the identification plates, identifying symbols and car numbers required by said Sections;

(2) all amounts required to be paid by the Lessee under Section 6 hereof as taxes, assessments or other governmental charges levied or assessed against the Lessee or the Lessor;

(3) all amounts required to be paid by the Lessee under Section 8 hereof in connection with the reports and inspection relating to the Cars;

(4) all amounts required to be paid by the Lessee under Section 9 hereof in maintaining and repairing the Cars, in complying with regulations

relating to the Cars, in indemnifying the Lessor against any expenses or liabilities arising from the operation of the Cars, and in discharging the risks assumed by Lessee as to the fitness, design or condition of the Cars;

(5) all amounts required to be paid by the Lessee under Section 11 hereof in connection with the return of the Cars;

(6) all amounts required to be paid by the Lessee under Section 12 hereof in connection with the filing, recording or registering of this Lease or any other documents in connection therewith; and

(7) all other amounts of every kind or character required to be paid by the Lessee on account of this Lease or the operation of the Cars hereunder, other than amounts required to be paid under Subsection A of this Section 3, Section 7 and Section 10 hereof.

All such additional rentals shall be paid by the Lessee as and when they accrue, such payments to be made to the parties entitled thereto; provided, however, that, if the Lessor is required to make any such payments, the Lessee shall promptly reimburse the Lessor therefor.

C. It is contemplated that the Lessee shall receive, in so far as applicable law and regulations allow, all mileage allowances, rentals and/or other compensation payable by carriers by reason of the use of such Cars (hereinafter called "Mileage"), and it is understood and agreed that if for any reason the Lessor receives any Mileage, then (unless an event of default specified in Section 10 hereof shall have occurred and be continuing) the Lessor shall remit such Mileage to the Lessee promptly

after the Lessee shall have furnished or caused to be furnished to the Lessor an opinion, ruling or other evidence, satisfactory to the Lessor, that the remittance thereof to the Lessee will not violate any applicable law or regulation.

D. All payments provided for in this Lease shall, if to the Lessor, be made to the Lessor's account at Morgan Guaranty Trust Company of New York, 522 Fifth Avenue, New York, New York 10036, or, if to the Lessee, be made at the office of the Treasurer of the Lessee at Fourth and Keeler Streets, Bartlesville, Oklahoma, or, in either case, at such other place or places as the respective parties to receive notice shall designate.

Section 4. Identification Plates. As soon as possible after commencement of this Lease, the Lessee shall cause to be plainly, distinctly and conspicuously placed ~~and fastened~~ upon each side of each car a stencilled marking bearing the following words in letters not less than one inch in height:

"SAZ TRANSPORTATION CORPORATION"

or such other name as shall be designated by the Lessor. If during the continuance of this Lease any such marking shall at any time be removed, defaced or destroyed on any Car, the Lessee shall immediately cause the marking to

be restored or replaced. The Lessee shall not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than the Lessor but the Lessee may letter the Cars with the names or initials or other insignia customarily used by the Lessee on its railroad cars of the same or a similar type for convenience of identification of the right of the Lessee to use and operate the Cars under this Lease.

Section 5. Numbering. The Lessee will continue to cause the present identifying symbol PSPX and the present Lessee's car numbers assigned to the Lessee to these Cars to be maintained on each side of each such Car. At all times hereafter the Lessee will cause each Car subject to this Lease to bear on each side thereof such identifying symbol and the car number so assigned to it.

Section 6. Taxes. The Lessee agrees that, during the continuance of this Lease, in addition to the fixed rental herein provided, it will promptly pay all taxes, assessments and other governmental charges levied or assessed upon the interest of the Lessee in the Cars subject to this Lease or any thereof or upon the use or operation thereof or the earnings arising therefrom and will promptly pay or reimburse the Lessor for all taxes,

assessments and other governmental charges levied or assessed against the Lessor on account of its ownership of such Cars or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any taxes on the rentals herein provided or on Mileage which is paid to and retained by the Lessor except any such tax on rentals or Mileage which is in lieu of, or relieves the Lessee from, the payment of taxes which it would otherwise be obligated to pay or reimburse as hereinbefore provided), including any sales or similar taxes payable on account of the leasing of the Cars hereunder; but the Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of the Lessor, the title of the Lessor to such Cars will be materially endangered. The Lessor shall not voluntarily pay any such tax, assessment or other governmental charge which the Lessee is obligated to pay or to reimburse the Lessor as aforesaid without first consulting with the Lessee and affording the Lessee an opportunity to contest, in good faith by appropriate legal or administrative proceedings, the validity or amount thereof, unless thereby, in the judgment of the Lessor, the title of the Lessor to such Cars will be materially

endangered. In the event any tax reports are required to be made on the basis of individual Cars, the Lessee will either make such reports in such manner as to show the ownership of such Cars by the Lessor or will notify the Lessor of such requirement and will make such report in such manner as shall be satisfactory to the Lessor.

Section 7. Payment for Lost, Destroyed or Damaged Cars. In case any Car shall become lost, destroyed or damaged beyond repair:

A. On the next succeeding monthly rental payment date, the Lessee shall pay to the Lessor (in addition to the accrued monthly rental for such Car which is payable on such day), as damages in lieu of any further claim of the Lessor to or on account of such Car, an amount in cash equal to the sum of (1) the present value of the total remaining monthly fixed rental for such Car which would otherwise accrue under Subsection A(1), A(2) or A(3) of Section 3 hereof from and including the day on which such cash payment is required to be made to the expiration of the then current term of this Lease, plus (2) the scrap value of such Car computed at the current quoted prices for segregated scrap at Chicago, Illinois on the date such Car was lost, destroyed or damaged beyond repair. To determine, for the purposes of Subsection A(1) above, the present value of such total remaining monthly fixed rental for any term hereof, the fixed rental in respect of each monthly period in such term shall be discounted on a 4 1/2% per annum basis (compounded monthly) from the last day of such monthly period to the day on which such cash payment is required to be made pursuant to this Section.

B. Whenever any such cash payment is made to the Lessor under this Section with respect to any Car, (1) the monthly fixed rental for such Car provided for in Subsection A of Section 3 hereof shall be abated on a per diem basis and shall cease to accrue as of the day on which such cash payment is made, (2) such Car shall thereafter no longer be deemed to be one of the Cars subject to this Lease,

and (3) the Lessee shall be entitled to the proceeds of any settlement made by any insurance company, railroad company or other person, firm or corporation in connection with such loss, destruction or damage beyond repair, whether such settlement is made with the Lessor or the Lessee. The Lessee shall bear the risk of and, except as hereinabove in this Section provided, shall not be released from its obligations hereunder in the event of any loss or destruction of or damage to any of the Cars for any cause whatsoever.

C. Lessee shall advise Lessor of the loss, destruction or irreparable damage of any Car as soon as practicable.

Section 8. Reports and Inspection. The Lessee will furnish to the Lessor on or before the 31st day of May, 1980, and annually thereafter, and at such other times as the Lessor shall reasonably request, during the continuance of this Lease, an accurate statement signed by the President or one of the Vice Presidents of the Lessee, stating

A. as of the preceding first day of April, (1) the car numbers of all Cars then subject to this Lease, (2) the car numbers of all Cars that have become lost, destroyed or damaged beyond repair during the period elapsed since the end of the period covered by the last previous such report (or since the date hereof in the case of the first such report), (3) the car numbers of all serviceable Cars, (4) the car numbers of all Cars awaiting repairs and (5) the car numbers of all Cars in shop for repairs, and

B. that, in the case of all Cars repainted or repaired during such period, the metal plates required to be affixed thereto by Section 4 hereof have been preserved on such Cars or that such Cars have been again plated as required by said Section 4 and that the identifying symbol and the appropriate car number have been repainted or preserved on each side of each such Car in accordance with Section 5 hereof.

The Lessor shall have the right, by its authorized representatives, to inspect the Cars, at the sole cost and expense of the Lessee, at such times as shall be reasonably necessary to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease.

Section 9. Maintenance; Compliance with Laws and Rules; and Indemnification. The Lessee agrees to maintain and keep all of the Cars subject to this Lease in good order and repair, ordinary wear and tear excepted, at its own cost and expense.

The Lessee agrees to comply with all Governmental laws, regulations and requirements, and with the Rules of Interchange of the Association of American Railroads (or of any successor thereto), with respect to the use, maintenance and operation of each Car subject to this Lease; in case any equipment or appliance on any such Car shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and Rules, the Lessee agrees to make such changes, additions and replacements; and the Lessee agrees to maintain such Car in full compliance with such laws, regulations, requirements and Rules so long as it is subject to this Lease.

The Lessee shall have the right, at the Lessee's sole cost and expense and in compliance with such laws, regulations, requirements and rules, to convert any or all of the Cars to uses for which the Cars are not now equipped, provided that such conversions will not decrease the rental values of the Cars so converted. The Lessee agrees, but not by way of limitation of its obligations under the preceding sentence, to comply, at the Lessee's sole cost and expense, with the provisions of United States Department of Transportation Regulation No. HM144.

Any parts installed or replacements made upon the Cars by the Lessee shall be considered accessions to the Cars and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense or liability which the Lessor may incur by reason of its ownership of any Car while it is subject to this Lease, in any manner arising out of or as a result of the use or operation of such Car, and to indemnify and save harmless the Lessor against any claim or suit on account of any accident in connection with the operation of such Car resulting in damage to property or injury to any person.

The Lessor makes no warranty or representation, either expressed or implied, as to the fitness, design or

condition of, or as to the quality of the material, equipment or workmanship in the Cars, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee.

Section 10. Default. If, during the continuance of this Lease, one or more of the following events (herein sometimes called "events of default") shall occur:

A. default shall be made in the payment of any part of the rental provided in Section 3 hereof and such default shall continue for 30 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Cars, or any thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Cars within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied;

D. a decree or order by a court having jurisdiction in the premises shall have been entered

(1) adjudging the Lessee a bankrupt or insolvent,

(2) approving as properly filed a petition seeking reorganization of the Lessee under the Bankruptcy Act or any other State or Federal law,

(3) for the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of the Lessee or of the property or any substantial portion of the property of the Lessee, or

(4) for the winding up or liquidation of the affairs of the Lessee,

and such decree or order shall have remained in force undischarged and unstayed for 60 days;

E. the Lessee shall

(1) institute proceedings to be adjudged a voluntary bankrupt,

(2) consent to the filing of a bankruptcy proceeding against it,

(3) file a petition or answer or consent seeking reorganization or readjustment under the Bankruptcy Act or any other State or Federal law, or otherwise invoke any law for the aid of debtors, or consent to the filing of any such petition,

(4) consent to the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of it or of its property or any substantial portion of its property,

(5) make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or

(6) take any corporate action in furtherance of any of the aforesaid purposes; or

F. if, under any other lease of railroad equipment between the Lessor and the Lessee, an event of default as defined in such other lease shall occur, and shall be continuing unremedied;

then, in any such case, the Lessor, at its option, may

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee

to or in the use of the Cars shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Cars may be and take possession of all or any of such Cars and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, or anyone claiming through the Lessee, or its successors or assigns, to use the Cars for any purpose whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty a sum which represents the excess of the present worth, at the time of such termination, of the aggregate fixed rentals for the Cars which would otherwise have accrued hereunder from the date of such termination to the end of the then current term of this Lease over the then present worth of the fair rental value of the Cars for such period, such present worth to be computed in each case on the basis of 4-1/2% per annum discount, compounded monthly from the respective dates upon which fixed rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law.

Section 11. Return of Cars. Upon the termination of this Lease pursuant to the provisions of Section 10 hereof, or upon the expiration of the original term or of the Extended Term of this Lease if the Lessee shall have exercised its option to continue this Lease pursuant to Section 2 hereof the Lessee shall forthwith deliver possession of the Cars to the Lessor in good order and repair, ordinary wear and tear excepted. For the purpose of delivering possession of any Cars to the Lessor as above required, the Lessee shall at its own cost and expense forthwith

A. assemble such Cars and place them upon such storage tracks in East St. Louis, Illinois, (or such other place or places as the parties hereto shall agree in writing), as the Lessee may select,

B. provide storage at the risk of the Lessor for such Cars on such tracks for a period of 100 days after written notice to the Lessor specifying the place of storage and the car numbers of the Cars so stored, and

C. cause the same or any thereof to be transported, at any time within such 100 day period, to any place or places on lines of railroad within a 25 mile radius of such storage tracks, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble,

deliver, store and transport the Cars.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Car to the Lessor, to demand and take possession of such Car in the name and on behalf of the Lessee from whomsoever shall at the time be in possession of such Car.

Section 12. Recording. The Lessee will promptly cause this Lease to be filed with the Interstate Commerce Commission and to be filed, registered or recorded wherever else required (and thereafter will cause it to be filed, registered or recorded and refiled, reregistered or re-recorded whenever and wherever required) in each place in the United States of America or elsewhere for the proper protection, to the satisfaction of the Lessor, of the Lessor's title to the Cars; and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register or record (and will refile, reregister or rerecord whenever required) any and all further instruments, required by law or reasonably requested by the Lessor, for the purpose of such protection of its title, or for the purpose of carrying out the intention of this Lease. The Lessee will pay all costs,

charges and expenses incident to the filing, refiling, registering, reregistering, recording and rerecording of this Lease and incident to the preparation, execution, filing, refiling, registering, reregistering, recording and rerecording of any such further instrument incident to the taking of any such other action.

Section 13. Assignment and Possession. This Lease shall be assignable by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in the Cars or any of them. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Cars, except that the Lessee may use the same upon the railroad lines of railroad companies in the usual interchange of traffic and may permit the Cars to be so used by any railroad company or shipper; provided, however,

that the right to such use shall be subject at all times to all the terms and conditions of this Lease.

Notwithstanding the foregoing provisions of this Section, the Lessee may (i) sublease all or any of the Cars to any subsidiary of the Lessee, and (ii) sublease all or any of the Cars to any other person, firm or corporation to the extent that such sublease is in the judgment of the Lessee necessary or appropriate or helpful to the conduct of its ordinary business; provided, however, that each such sublease shall be evidenced by a written sublease between the Lessee and the sublessee which shall specifically state that such Car and such sublease are in all respects subject and subordinate to this Lease and, if required for the protection of the Lessor's title to such Car, the Lessee shall cause such sublease to be filed, registered or recorded wherever required for such protection.

Nothing in this Section shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Cars or possession of the Cars to any corporation (which shall have assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

Section 14. Option to Purchase. Unless (a) this Lease shall have been theretofore terminated pursuant to Section 10 hereof, or (b) the Lessee shall elect to continue this Lease pursuant to Section 2 hereof, the Lessee shall have the option to purchase on March 31, 1988 all, but not less than all, of the Cars then subject to this Lease upon payment on said date of a purchase price for each such Car in an amount equal to the fair market value of such Car, based upon the optimum economic use to which each Car, as constructed and equipped as of the date such notice is given, could be put. In case such option shall be exercised, the Lessor, upon receipt of the purchase price for said Cars, will deliver to the Lessee an appropriate bill of sale for said Cars, in which bill of sale the Lessor shall warrant that immediately prior to such purchase the Lessor's leasehold interest in said Cars was free and clear of all liens and encumbrances resulting from any act or omission of the Lessor or of any party claiming through or under the Lessor.

If the Lessee elects to exercise its option to purchase on March 31, 1988, all of the Cars then subject to this Lease, it shall give written notice to such effect to the Lessor not more than 180 days nor less than 90 days prior to March 31, 1988; and unless such notice be given within such specified period, the Lessee's option to purchase

the Cars shall expire. There shall be included in any such notice given by the Lessee a statement of the Lessee's determination, in accordance with the preceding paragraph, of the amount of the purchase price for each of the Cars then subject to the Lease. Within 30 days after the receipt of any such notice the Lessor shall advise the Lessee in writing as to whether or not the Lessor agrees with the Lessee's determination of the purchase price for each Car. If the Lessor disagrees, the purchase price for each Car shall be determined in accordance with this paragraph, by arbitration. In such case, each party hereto shall appoint an arbitrator and shall give the other party written notice of such appointment within 15 days after the Lessor has advised the Lessee of such disagreement, and the two arbitrators so appointed shall appoint a third arbitrator, and the decision of any two thereof shall be binding upon the parties hereto. If either party hereto shall fail to appoint its arbitrator within the time herein provided and it shall thereafter fail to do so for 10 days after written demand from the other that it do so, then the arbitrator appointed by the other party shall be the sole arbitrator and his decision shall be binding upon the parties hereto. If the two arbitrators appointed by the parties hereto shall fail to appoint a third arbitrator within 10 days after the appointment of the second arbitrator, then the appointment of

the third arbitrator shall be made by the American Arbitration Association, or its successor, in New York, New York upon the application of either party hereto, and such party shall give the other party hereto 10 days' notice of the time and place of the hearing of such application for appointment. If such award is not made and does not become binding on or before May 31, 1988, the Lessee shall pay to the Lessor, at the time of payment for the Cars, interest at the prime rate of Citibank, N.A., New York, New York, on the purchase price of all Cars for the period between May 31, 1988 and the date of payment for the Cars. Each party agrees to pay its own expenses incurred by it in connection with any such sale; provided, however, that any sales or other taxes (except taxes measured by income) incurred or payable in connection with such sale shall be paid by the Lessee and that in the event of arbitration as provided above, each party shall pay one-half (1/2) of the cost of the arbitrator or arbitrators and of the charges of the American Arbitration Association or its successor.

Section 15. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

If to the Lessor:

SAZ Transportation Corporation
Suite 1207
230 Park Avenue
New York, New York 10017

If to the Lessee:

Phillips Petroleum Company
Fourth and Keeler Streets
Bartlesville, Oklahoma 74003

Attention: Supply and Transportation
Department

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

Section 16. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in each case such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Lessor and the Lessee, pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names and their respective corporate seals to be hereunto affixed, duly attested, as of the day and year first above written.

SAZ TRANSPORTATION CORPORATION,
Lessor,

ATTEST:

By [Signature] Vice President

Sarah Kane Wallace
Secretary

PHILLIPS PETROLEUM COMPANY,
Lessee,

By


Vice President

ATTEST:


Assistant Secretary

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 5th day of January, 1980, before
me personally appeared MARVIN M. LIFSCHITZ, to me personally
known, who, being by me duly sworn, says that he is Vice
President of SAZ TRANSPORTATION CORPORATION, that the
seal affixed to the foregoing instrument is the corporate
seal of said corporation, that said instrument was signed
and sealed on behalf of said corporation by authority of
its Board of Directors and he acknowledged that the
execution of the foregoing instrument was the free act
and deed of said corporation.

Richard K. Hooper
Notary Public

RICHARD K. HOOPER
Notary Public, State of New York
No. 31-6956900
Qualified in New York County
Commission Expires March 30, 1982

STATE OF OKLAHOMA)
 : ss.:
COUNTY OF WASHINGTON)

On this 9th day of January, 1980, before
me personally appeared John E. Harris, Jr., to me
personally known, who, being by me duly sworn, says that
he is a Vice President of PHILLIPS PETROLEUM COMPANY, that
the seal affixed to the foregoing instrument is the cor-
porate seal of said corporation, that said instrument was
signed and sealed on behalf of said corporation by authority
of its Board of Directors and he acknowledged that the ex-
ecution of the foregoing instrument was the free act and
deed of said corporation.

Helen L. Snider
Notary Public

My commission expires:

January 15, 1983

- (1) 50 ICC-112A400W dual purpose railroad steel tank cars having a nominal capacity of 14,600 gallons each, bearing the identifying symbol PSPX and the car numbers listed below:
-

| | | | | |
|-------|-------|-------|-------|-------|
| 21567 | 21633 | 21688 | 21762 | 21819 |
| 21574 | 21640 | 21689 | 21764 | 21827 |
| 21579 | 21648 | 21696 | 21779 | 21831 |
| 21582 | 21651 | 21697 | 21780 | 21836 |
| 21605 | 21654 | 21704 | 21781 | 21844 |
| 21614 | 21658 | 21709 | 21783 | 21848 |
| 21621 | 21668 | 21715 | 21799 | 21849 |
| 21622 | 21669 | 21717 | 21800 | 21869 |
| 21625 | 21679 | 21740 | 21811 | 21879 |
| 21628 | 21681 | 21744 | 21816 | 21890 |

- (2) 5 ICC-109A300-ALW (aluminum) railroad tank cars having a nominal capacity of 10,200 gallons each, bearing the indentifying symbol PSPX and the car numbers listed below:
-

| | | | | |
|-------|-------|-------|-------|-------|
| 20026 | 20027 | 20029 | 20032 | 20040 |
|-------|-------|-------|-------|-------|

- (1) 50 ICC-112A400W dual purpose railroad steel tank cars having a nominal capacity of 14,600 gallons each, bearing the identifying symbol PSPX and the car numbers listed below:
-

| | | | | |
|-------|-------|-------|-------|-------|
| 21567 | 21633 | 21688 | 21762 | 21819 |
| 21574 | 21640 | 21689 | 21764 | 21827 |
| 21579 | 21648 | 21696 | 21779 | 21831 |
| 21582 | 21651 | 21697 | 21780 | 21836 |
| 21605 | 21654 | 21704 | 21781 | 21844 |
| 21614 | 21658 | 21709 | 21783 | 21848 |
| 21621 | 21668 | 21715 | 21799 | 21849 |
| 21622 | 21669 | 21717 | 21800 | 21869 |
| 21625 | 21679 | 21740 | 21811 | 21879 |
| 21628 | 21681 | 21744 | 21816 | 21890 |

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-

| | | | | |
|-------|-------|-------|-------|-------|
| 20026 | 20027 | 20029 | 20032 | 20040 |
|-------|-------|-------|-------|-------|